

BF Committee

From: Queen Ka'ahumanu <info@queenkaahumanufestival.com>
Sent: Wednesday, July 11, 2018 12:40 AM
To: Riki Hokama; BF Committee
Subject: BF-153 ; Grantee Clarification
Attachments: BF Cmte 250th Queen Kaahumanu Status Answers .pdf

These clarifications are in reference to the Correspondence from Economic Development 06-25-2018.



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Thank you for the opportunity to clarify the confusion created by OED's framing of the facts surrounding this grant.

We have included page numbers referring to the 6/25/18 response from OED posted in the BF Cmte meeting details on mauicounty.legistar.com.

1.-4. – Self-Explanatory

5. County Owes Grantee

As you can see from the exhibits provided by OED (P. 184-192) the grantee has expended approximately \$85,000 while the county has paid to date a total of approximately \$53,000 (P. 2). This means that the County currently owes and is withholding from the grantee over \$30,000 of money already paid out to vendors.

The executed grant agreement specifically states on Appendix B, Item 2 Withholding Payments (P. 27) that the only legal reason to withhold reimbursements is for unreasonable expenses and any failures to comply with the terms.

After over 30 requests to identify either unreasonable expenses or any compliance failures in the contract; OED has offered none.

6. Payments Verified + Mrs. Kalaola

OED was given several opportunities to verify payments in real time as early as May 2018. OED declined these opportunities and instead tried to blame the grantee for delays for which OED was solely responsible.

OED has in their possession all the documents necessary to verify the approximate \$85,000 of grantee expenses currently invoiced, including bank account statements, canceled checks, and contact information for each vendor. Each expense is listed by grant approved category, sub-category, payee, description, and item number. Each itemized expense is supported by invoices, receipts, check registers, and bank account statements that reconcile (P. 38-39, 72-73, 117-119).

We have invoiced OED for our 3rd reimbursement on May 28, 2018 and to this date, over 40 days later, OED has withheld the payment and submitted no follow-up questions for this invoice (P. 2).

OED has been in possession of our bank account statement and check register as early as June 5, 2018 (P. 184-192).

The invoice submitted to OED on behalf of the MACC was for \$7500; the MACC has been paid \$7500. The extra monies charged by the MACC after the event will need to be approved by the board as Mr. Bardellini does not have the unilateral authority to spend outside of the approved grant budget. His requiring of board approval before paying the MACC a final payment is a condition set-forth by the Board of Ethics.

During our financial review of the documents submitted by Mrs. Claudia Kalaola, a board member who claims to be an unpaid vendor, it came to our attention that Mrs. Kalaola collected approximately \$5,000 cash on behalf of the 250th Celebration of Queen Kaahumau

(for vendor fees, product purchases and re-sales, personal item purchases, etc.) and has yet to account for or turn over that money. It appears that Mrs. Kalaola used her role to create financial opportunities for herself, that we feel conflicted with her duties under the grant. This conflict was exposed when she failed to account for approximately \$5,000 that she had collected from event related activities. She also submitted unapproved and unauthorized invoices from her family business.

When Mrs. Kalaola was notified that this money needed to be reimbursed to the organization, she refused and instead began to communicate misinformation to OED to excuse her misconduct.

We have sent Mrs. Kalaola and members of the board several requests for a meeting but she and three of the board members have refused to hold a meeting to resolve these issues. Under the circumstances we have no choice but to call a meeting to resolve these issues with a quorum of the board if she and the three members referred to above continue to refuse to meet.

7. Special Conditions

All special conditions of the grant have been complied with.

Special Condition 1

Mr. Bardellini did not pay himself directly or indirectly in any way.

Special Condition 2

The list of 58 names given complementary tickets from this category has been submitted to OED.

Special Condition 3

On March 10, 2018 and on March 20, 2018 OED gave permission to release the in-kind tickets to deserving members of our community (i.e. – county workers, fire, police, kupuna, keiki, first responders, special needs individuals and groups, and any underserved community members). The number of tickets used from this category was approximately 182. All of these tickets were offered to all groups mentioned above, county-wide and were distributed on a first-come-first-served basis by the MACC Box Office upon arrival.

To confirm OED's awareness and approval of these condition adjustments; multiple OED employees acquired tickets from this category.

8. Advertising

With regard to the advertising, OED saw and was aware of each and every piece of collateral. Moreover, as required by the contract, the OED and Maui County logos were on all collateral. There was not a single mention or communication of any unapproved materials.

9. Final Report

The Director mistakenly states that the Final Report is due by the end of the Performance Period. The contract states it is due within 60 days (P. 29) after the end of the Performance Period. We have currently requested less than 90% of the grant (P. 119) making a Final Report

irrelevant to the distribution of the monies being withheld by the county from the grantee and vendors. We will submit the Final Report prior to its contracted due date of July 30, 2018.